St. Augustine Gold and Copper Limited

Management's Discussion and Analysis

Year ended December 31, 2014
Expressed in U.S. dollars

Dated as of March 19, 2015

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The following discussion and analysis should be read in conjunction with the Technical Report with an effective date of February 25, 2013 and filed on www.sedar.com ("Sedar") on November 1, 2013, entitled "King-king Copper-Gold Project, Mindanao, Philippines" (the "Technical Report"), the Annual Information Form ("AIF") for the year ended December 31, 2014, the audited consolidated financial statements of St. Augustine Gold and Copper Limited (the "Company") for the years ended December 31, 2014 and 2013, and all of the notes, risk factors and information contained therein. These are all available at www.sedar.com.

Introduction

This Management's Discussion and Analysis ("MD&A") is dated March 19, 2015, and is in respect of the year ended December 31, 2014. All dollar amounts referenced, unless otherwise indicated, are expressed in United States dollars. References to "CDN$" mean Canadian dollars and "₱" refers to Philippine pesos.

This document contains forward-looking statements that involve risks and uncertainties. The Company's actual results may differ materially from those described in forward-looking statements as a result of various factors, including those described under "Forward-Looking Information."

Forward-looking information

Certain statements contained in this MD&A constitute forward-looking statements within the meaning of applicable securities laws. This forward-looking information includes, among other things, statements with respect to the Company's business strategy, plans, outlook and shareholder value, projections, targets, and expectations as to reserves, resources, results of exploration (including targets) and related expenses, mine development, mine operations, mine production costs, drilling activity, sampling and other data, recovery improvements, future production levels, capital costs, cost savings, cash and total costs of production of copper and gold, expenditures for environmental matters, reclamation and other post closure obligations and estimated future expenditures for those matters, completion dates for the various development stages of projects, future copper and gold prices (including the long-term estimated prices used in calculating mineral reserves), and currency exchange rates.

Forward-looking statements generally can be identified by words such as "objective", "may", "will", "expect", "likely", "intend", "estimate", "anticipate", "believe", "should", "plans" or similar expressions suggesting future outcomes or events. Such forward-looking statements are not guarantees of future performance and reflect management's current beliefs based on information currently available. Such statements involve estimates and assumptions that are subject to a number of known and unknown risks, uncertainties and other factors inherent in the business of the Company and the risk factors described in the Company's AIF, Technical Report, and other materials filed with the securities regulatory authorities from time to time which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Those risks and uncertainties include, but are not limited to: the mining industry (including operational risks; risks in exploration, and development; the uncertainties involved in the discovery and delineation of mineral deposits, resources or reserves; and the uncertainty of mineral resource and mineral reserve estimates); the risk of gold, copper and other commodity price and foreign exchange rate fluctuations; the ability of the Company to fund the capital and operating expenses necessary to achieve the business objective of the Company; the uncertainty associated with commercial negotiations and negotiating with foreign governments; the risks associated with international business activities, including nationalism efforts by governments of developing countries; the risks associated in dealing with a joint venture partner; risks related to the Company's operations in the Philippines; environmental risk; the dependence on key directors and officers; and the ability to access capital markets.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made and readers are advised to consider such forward-looking statements in light of the risks set forth above. Except as required by law, the Company assumes no obligation to update or revise any forward-looking statements to reflect new information or the occurrence of future events or circumstances.

Overview

Background

St. Augustine Gold and Copper Limited ("SAGC" or "the Company") was incorporated in the British Virgin Islands on January 27, 2010. The Company is engaged in the business of mineral property exploration; currently, its only activity is the development of the King-king copper-gold property ("King-king" or the "Project"). The Company is in the process of earning up to a 60% economic interest in the Project from Nationwide Development Corporation ("NADECOR"); however, if the terms of the Project Framework Agreement ("PFA"), as amended in August 2014, are completed, the PFA will supersede this earn-in process. The PFA is envisaged to consolidate partner interests into one corporate vehicle, which is the Company.

The Company's operating subsidiaries were formed for the purpose of advancing the Project's large proven and probable mineral reserves containing copper and gold (4.1 billion pounds of contained copper and 7.8 million troy ounces of contained gold). The Company's objective is to bring the Project into commercial production in a timely and cost effective fashion. The costs of financing are being optimized by de-risking and adding value to the Project. Management believes that due to past, current and expected strength in the markets for gold and copper, the Project represents an opportunity to generate a superior return on investment for the Company's shareholders.

Financial condition

In 2014, the Company raised gross proceeds of $22 million through the issuance of common shares and warrants, a significant portion of which was issued to a major shareholder, Queensberry Mining and Development Corp. ("Queensberry"). At December 31, 2014, the Company reported cash and cash equivalents of approximately $10.4 million. Funding needs beyond the Company's cash position are expected to be made primarily through future equity placements. At December 31, 2014, the Company's working capital was approximately $9.8 million.

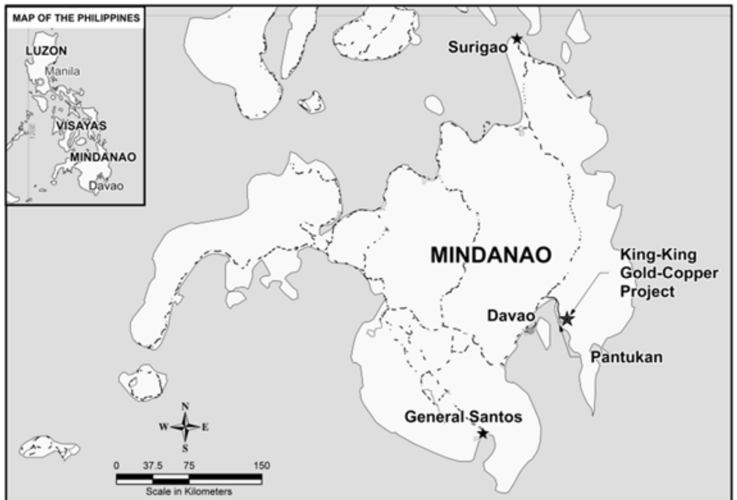
While the Company holds notes receivable of approximately $12.1 million, these notes do not generate material interest income and were issued to support overall Project development. The Company is invested in joint ventures and in its partner, NADECOR; these investments have historically increased the Company's net loss, which is expected to continue, at a minimum, until commercial operation of the Project.

The Company has no material long-term debt or other restrictive covenants with respect to its liabilities.

Qualified person

Disclosure of a scientific or technical nature in this MD&A with respect to the Project was prepared and approved by, or under the supervision of James Moore, P.E., the Company's Vice President, Technical. Mr. Moore is a "qualified person" for the purposes of National Instrument 43-101 of the Canadian securities administrators ("NI 43-101").

Project



LOCATION MAP OF KING-KING GOLD-COPPER PROJECT

The King-king property is centered at approximate geographical coordinates 7°11'31"N Latitude and 125°58'24"E Longitude on the Philippine Island of Mindanao. The mineral reserve is located at Sitio Gumayan, Barangay King-king, Municipality of Pantukan, Province of Compostela Valley, in Mindanao.

The King-king property is a large copper-gold proven and probable mineral reserve. The proven mineral reserves are 99.1 million tonnes at 0.349% total copper, 0.132% soluble copper and 0.514 grams per tonne (g/t) gold. The probable mineral reserves include 518.8 million tonnes at 0.290% total copper, 0.075% soluble copper, and 0.373 grams per tonne (g/t) gold. The proven and probable mineral reserve consists of 4.1 billion pounds of contained copper and 7.8 million troy ounces of contained gold.

<u>History and current developments of the King-king property</u>

The King-king tenement comprises 184 mining claims that are owned by NADECOR under Mineral Production Sharing Agreement #009-92-XI (the "MPSA"), which was approved by the Government of the Philippines on May 27, 1992, amended December 11, 2002, and is due for renewal in 2017. The MPSA grants NADECOR the exclusive right to explore, develop and exploit minerals within the area comprising the King-king tenement. The King-king mineralized material was originally discovered in 1966.

In April 2010, NADECOR, Russell Mining and Minerals, ULC, ("RMMU"; formerly Russell Mining and Minerals Inc. "RMMI"), the Company and shareholders of NADECOR entered into a Memorandum of Understanding, which was subsequently amended, ("MOU," inclusive of amendments) to develop the King-king property. The MOU addresses the formation of a joint venture to develop the King-king property.

During 2010 and 2011, the Company settled with other parties which held an interest in the Project, such that only the Company and NADECOR have rights to develop and place the Project into production. In particular, Benguet Corp. relinquished its rights to the Project following a 2011 final settlement and payment from the Company to Benguet.

The Project Framework Agreement ("PFA"), as amended in August 2014 (the "Amended PFA"), which assures the Company's 50% economic interest in the Project and set out the structure for the mining and milling operations of the Project. The Amended PFA also established commitments to acquire lands and consolidate Project stakeholders' interests into the Company. The Amended PFA is described in detail in the Current Highlights.

The Company announced in a press release (dated September 18, 2013) the results of its NI 43-101 compliant Preliminary Feasibility Technical Report (effective date of the report February 25, 2013). This Technical report was filed on Sedar on November 1, 2013. The level of information provided in this report permits the Company to report the King-king deposit as a mineral reserve. The table directly below presents the mineral reserve for the King-king Project.

Financial information is presented in U.S. dollars

Mineral Reserve

Reserve Classification	Ktonnes	Tot Cu (%)	Sol Cu (%)	Gold (g/t)	NSR (US$)
Proven Mineral Reserve					
Heap Leach Ore	17,791	0.340	0.197	0.132	16.53
Oxide Mill Ore	21,674	0.514	0.328	0.849	45.36
Sulfide Mill Ore	52,942	0.305	0.044	0.543	24.92
Low Grade Mill Ore	6,734	0.184	0.027	0.218	10.80
Total Proven Reserve	99,141	0.349	0.132	0.514	26.92
Probable Mineral Reserve					
Heap Leach Ore	77,373	0.305	0.172	0.145	14.81
Oxide Mill Ore	45,440	0.393	0.259	0.745	35.30
Sulfide Mill Ore	345,715	0.288	0.037	0.398	20.48
Low Grade Mill Ore	50,247	0.191	0.023	0.211	10.93
Total Probable Reserve	518,775	0.290	0.075	0.373	20.01
Proven/Probable Mineral Reserve					
Heap Leach Ore	95,164	0.311	0.177	0.143	15.13
Oxide Mill Ore	67,114	0.432	0.281	0.779	38.55
Sulfide Mill Ore	398,657	0.290	0.038	0.417	21.07
Low Grade Mill Ore	56,981	0.190	0.023	0.212	10.91
Total Prov/Prob Reserve	617,916	0.300	0.084	0.395	21.12

Market trends

Average annual prices as well as the 2015 average price through the date of this document, for copper and gold are summarized in the table below:

Average annual market prices (US$)		
Year	Copper (lb)	Gold (oz)
2008	3.11	880
2009	2.41	981
2010	3.45	1,233
2011	4.02	1,568
2012	3.63	1,681
2013	3.22	1,394
2014	3.10	1,255
2015*	2.63	1,225

Source: Monthly spot prices per London PM Fix – Kitco (Gold) and London Metal Exchange (Copper).

* Most current data available through the date of this MD&A.

Current highlights

On December 22, 2014, the Company closed a private placement of equity units ("Units") to Queensberry and other shareholders. The Units were priced at $0.10 for 75 million Units, which raised gross proceeds of $7,500,000. The Units included 37,500,000 whole warrants exercisable for once common share at $0.15 until December 22, 2016. A line of credit facility of up to $2 million, available from Queensberry, was cancelled as part of this private placement. No funds had been drawn on the facility before cancellation. This transaction increased Queensberry holdings to 290,718,500 common shares, or 40% of total outstanding shares, and it remains the Company's largest shareholder.

In November and December of 2014, the Company issued 5,950,000 incentive options to consultants, employees and officers. These options are exercisable at a weighted average price of CDN$0.13 for a period of 5 years.

On August 8, 2014, the Company executed Amended PFA. The Company and Nadecor agreed that Nadecor will be entitled to a reduced number of shares (185,000,000) than was previously agreed (324,568,751), and at a reduced share price ($0.07). In return for this adjustment, the Company agreed to advance payments to be made under the PFA, including an advance of approximately $2.5 million to Nadecor to repay an existing debt due from Nadecor to Queensberry, and to discharge directly additional debts of Nadecor not exceeding $2.5 million through a share issuance. As of December 31, 2014, the Company had settled both of these obligations, and recognized a note receivable from Nadecor of approximately $5 million. In addition, the timing of deadlines in the PFA have been amended. The Company received shareholder approval and conditional TSX approval in July 2014 for the PFA amendment. Nadecor shareholders approved the PFA amendment in June 2014.

On July 17, 2014, the Company closed a private placement with Queensberry for 145,000,000 shares at a subscription price of US$0.10 per share, for net proceeds of $14,137,500 after fees of $362,500. A portion of the proceeds, $3.5 million, was reserved and used for general working capital purposes and payments to Queensberry on NADECOR's behalf. The remaining amount was remitted to an account of the Company's wholly owned Philippine subsidiary, and these funds were committed for land acquisition and permitting through a Project joint venture, King-king Mining Corporation ("KMC"), which will access the funds through a credit facility from the Company. KMC drew $7 million during 2014. In addition, a line of credit facility with Queensberry was executed, allowing the Company to make drawdowns of up to $2 million for general working capital, which was subsequently cancelled as part of the December 2014 private placement described above. This credit facility was to mature December 31, 2015, and charge interest at 10% per annum. Finally, approximately $1 million will be paid to Queensberry for the completion of a permitting milestone and the transfer of the MPSA to KMC. KMC is a Project joint venture owned 40% by the Company.

In July 2014, the Company issued 2,050,000 incentive options to directors, officers and consultants. These options are exercisable at $0.14 for a period of 5 years.

Also in July 2014, the Company appointed a new CEO, Manuel Paolo A. Villar, who has been a director of the Company since 2012. Concurrently, Andrew Russell resigned as CEO, but remains with the Company as an Executive Director. In addition, the following directors resigned: Robert Russell, Max Anhoury and Terry Krepiakevich; and the following directors were appointed: Anacordita McGee and Yolanda Coronel-Armenta.

Work on revisions to the Environmental Impact Study ("EIS") submitted in 2012 continued during 2014, and the Environmental Management Bureau approved the EIS and issued the Environmental Compliance Certificate ("ECC") to NADECOR for the King-king Project February 26, 2015.

Results of operations

The selected financial information below has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee and is expressed in U.S. dollars unless otherwise noted.

The Company's operations and business are not driven by seasonal trends, but by efforts to achieve project milestones. These milestones include various technical, environmental, socio-economic and legal objectives, including obtaining the necessary permits; completion and publishing of a Bankable Feasibility Study ("BFS"); and preparation of engineering designs.

Selected financial information

Balance	December 31, 2014	December 31, 2013
Total assets	$ 119,589,007	$ 98,999,136
Total liabilities	1,575,105	2,670,293
Total equity	118,013,902	96,328,843

Total assets and equity increased at December 31, 2014, from December 31, 2013, due primarily to the Company's fundraising activity and the issuance of shares for notes receivable. Liabilities decreased over the same period, which is attributable to a reduction in the level of operations as the Company continues to focus on permitting efforts, coupled with the reversal of bonuses accrued for 2013 performance.

Financial information is presented in U.S. dollars

Selected annual information

	December 31,	
Annual result	**2014**	**2013**
Operating expenses	$ 2,209,020	$ 3,893,379
Net loss	2,913,853	3,271,436
Net loss per common	0.01	0.01

The primary components of operating expenses for both years presented were employee compensation expense and general and administrative expense. The decrease in operating expenses and net loss from the comparative period in 2013 is attributable primarily to decreased wages and share-based payments expense, driven by decreases in staffing levels during 2014, the reversal of bonus accruals and fewer option grants. In 2013, more resources were committed pursuant to the professional services incurred in the execution of the PFA. The decrease in wages and share-based payments was approximately $1.7 million.

Other significant differences included a 2013 gain in the change in the fair value of a warrant liability (approximately $750,000) and a loss on share forward contract in 2014 (approximately $725,000).

Changes to investment in mineral asset

	Year ended December 31,	
	2014	**2013**
Permitting, site costs and other	$ 1,500,000	$ 1,900,000
Engineering	1,100,000	2,400,000
General and administrative and labor	2,400,000	4,900,000
Direct payments to NADECOR	-	600,000
Geology	300,000	400,000
Total	**$ 5,300,000**	**$ 10,200,000**

The Company has limited activity related to mineral exploration and development, due to working capital limitations, although permitting-related work continued during 2014. During 2013, the Company focused on the preparation of a Preliminary Feasibility Study ("PFS") and significant site work required for the EIS, and cash outflows used by investments were driven by work on permitting and site maintenance costs and labor. During the comparative period in 2014, the Company limited activity except that which contributed to ongoing permitting efforts. Reductions in staffing levels, and the related portion of technical personnel for which expenses are capitalized, further reduced capitalized charges. Capitalized general and administrative and labor charges decreased year over year primarily due to the change in staffing levels and allocation of efforts to more technical work and less corporate planning activity.

Selected quarterly information

A summary of selected financial information is as follows:

Quarterly result	**December 31, 2014**	**September 30, 2014**	**June 30, 2014**	**March 31, 2014**	**December 31, 2013**	**September 30, 2013**	**June 30, 2013**	**March 31, 2013**
Total assets	$ 119,589,007	$ 111,956,965	$ 97,309,501	$ 96,998,538	$ 98,999,136	$ 102,724,271	$ 104,155,200	$ 92,242,448
Operating expenses	521,082	571,900	562,440	553,598	1,154,677	776,462	815,715	1,146,525
Net loss	372,026	1,408,939	538,891	593,997	1,122,918	777,946	884,013	486,559
Net loss per share (i)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

(i) Per common share; basic and diluted losses per share were equal in all periods presented

Historical trends and changes in quarterly results

Operating expenses are attributable primarily to cash wages and share-based payments and general and administrative costs. In 2013, more resources were committed to professional services in respect of the finalization and implementation of the PFA. Share-based payment expense was lower in 2014 as compared to 2013 because there have been fewer grants over time, coupled with the Company's lower share price. Employee and officer compensation and general and administrative costs are the primary components of net loss; the largest portion of total cash outlay is capitalized into the Company's investment in mineral property. The Company uses the Black-Scholes model to value share-based payments, and the value of options granted and vested has a significant influence on each period's net loss. Professional fees and the costs of marketing and fundraising can also significantly impact operating expenses and net loss; these costs are generally incurred as needed or as management's operating strategies change and do not follow a cyclical pattern.

Operating expenses during the four quarters of 2014 decreased as compared to historical quarterly operating expenses. This decrease was driven by lower employee bonus expense: during the first quarter, bonuses which were accrued at December 31, 2013, were reversed; further, limited bonuses were accrued during 2014. The Company has implemented cost savings measures during 2014 which included decreasing staff levels.

Three months ended December 31, 2014 and 2013

General and administrative and wages and share-based payments were the primary drivers of expense for the three months ended December 31, 2014 and 2013. Wages and share-based payments expense decreased from the three months ended December 31, 2013 (approximately $430,000) as compared to the three months ended December 31, 2014 (approximately $30,000) due to lower Black Scholes option valuations coupled with decreased stock option grants. Further, a higher portion of share-based payments were capitalized during the three months ended December 31, 2014, due to the nature of the work of the employees who received options. General and administrative costs decreased from the three months ended December 31, 2013, (approximately $700,000) as compared to the three months ended December 31, 2014, (approximately $450,000), due to decreases in legal fees and savings from decreases in corporate headquarter costs.

Capital resources and liquidity

At December 31, 2014, the Company had cash and cash equivalents of approximately $10.4 million (December 31, 2013 – approximately $6.3 million) and working capital of approximately $9.8 million (December 31, 2013 – working capital of $4,300,000.

The Company manages liquidity risk through maintaining sufficient cash or credit terms with its suppliers to meet the operating requirements of the business and investing excess funds in highly liquid short-term cash deposits.

Approximately $5 million of the cash flows used by investing activities during 2014 (2013 – approximately $9 million) was attributable to the Company's investment in mining property. The 2013 amount reflects the significant work performed on feasibility studies during 2013. This did not reoccur during 2014, as significant site work was also deferred due to capital constraints. This was partially offset by an increase in permitting efforts.

The Company loaned $7 million and approximately $2.6 million to KMC and NADECOR in cash, respectively, during 2014. These loans were made possible by the net equity inflow of approximately $21.5 million during that period. The equity transactions are described in detail in the Current Highlights.

Cash flows used by investing activities are primarily driven by expenses capitalized into the Company's mineral asset. Accordingly, as additional funds are raised and various work initiatives begin, cash flows used by investing activities will increase. During 2014, cash flows used by investments in the mineral asset were primarily related to work on permitting and site maintenance costs and labor; this is likely to continue in the short-term.

Instruments convertible into common shares at the date of this document include approximately 28 million outstanding share options and 37.5 million warrants.

The Company had no long-term debt at December 31, 2014 and December 31, 2013.

The Company has raised funds primarily through equity issuances, though management will consider all sources of financing reasonably available, including but not limited to issuance of new capital, issuance of new debt and the sale of assets in whole or in part, including mineral property interests, royalties and future production. There can be no assurance of continued access to financings in the future, and an inability to secure such financings may require the Company to substantially curtail and defer its planned exploration and development activities. Management will continue to manage cash outlay carefully in order to optimize the timing of completion of permitting, a BFS and executing the terms of the PFA.

Financial information is presented in U.S. dollars

Contractual obligations

NADECOR Memorandum of Understanding

Under the terms of the MOU (which is expected to be superseded by the Amended PFA; see Current Highlights), between the Company and NADECOR, the Company can earn up to an aggregate 60% interest in the Project by making the following payments totaling a minimum of $83,000,000:

Summary of Expenditures Required by the Company for Full Earn-in to the Project under the MOU

	Amount	Description	Earn-in %
$	400,000	Exclusivity payment to NADECOR (i)	0.57%
	3,100,000	Initial payment to NADECOR (ii)	4.43%
	30,000,000	Initial BFS funding (iii)	30.00%
	5,000,000	Incremental BFS funding (iv)	5.00%
	8,500,000	Incremental BFS funding (iv)	10.00%
	4,000,000	Payment to NADECOR (v)	1.00%
	32,000,000	CapEx funding (vi)	9.00%
$	83,000,000		60.00%

i. Direct payment to NADECOR made in 2009;

ii. $3,000,000 was paid in 2010, pursuant to the first Amendment to the MOU. The remaining $100,000 was paid in 2012;

iii. Direct project expenditures made during 2011 by the Company pursuant to the Preferred Shares Investment Agreement ("PSIA"). The full amount has been expended;

iv. Direct project expenditures after the fulfillment of the $30 million required to be expended under the PSIA; the full amount has been expended;

v. The timing of direct payments to NADECOR is contingent on events contemplated in the MOU. During 2011, $981,000 was paid, $250,000 was paid during 2013, and the balance is expected to be paid if the PFA described elsewhere in this document is not completed; and

vi. Total capital expenditures based on planned mine throughput. The minimum commitment is $32,000,000, and is subject to adjustment depending on the planned throughput of the mine. PFS results indicate throughput would increase the Company's Capital Expenditures ("CapEx") commitment should the terms of the Amended PFA not be completed.

The terms of the Amended PFA confirmed the Company's 50% economic interest in the Project, whether or not all terms of the Amended PFA are fulfilled.

The Company has an employment agreement with an Executive Director which will result in cash payments for service totaling approximately $530,000 through January 31, 2016. The service agreement includes a contingent payment of approximately $2.4 million if the agreement is terminated prior to January 31, 2016. A contingent payment of $900,000 is due upon the execution of a major financing arrangement with a strategic partner or the sale of a significant portion of the Project to a party which is not a significant shareholder prior to such a sale.

The Company has committed to lend up to $11 million to King-king Mining Corporation ("KMC") (December 31, 2014 - $7,000,000), a Project joint venture mining entity, of which the Company owns 40%. The loan facility to KMC charges interest at the one year LIBOR rate per annum until the date of commercial production, at which time the rate is one year LIBOR plus 2%. The facility is due in one payment in August 2024, can be paid before maturity without penalty, and can be extended by a further fifteen years at the option of KMC. KMC has entered into agreements which will cause KMC to utilize the full amount of the credit facility; these agreements will secure land, cause the MPSA to be transferred to KMC and materially advance Project permitting.

Transactions with related parties

Legal services

The Company receives advice from Norton Rose Fulbright Canada LLP, which is considered a related party as a result of a partner of that firm acting as corporate secretary to the Company. Services rendered during 2014 totaled approximately $100,000 (2013 – approximately $215,000) and approximately $25,000 was outstanding at December 31, 2014 (December 31, 2013 – approximately $27,000).

Officers, directors and employees

The aggregate value of transactions with officers and directors during the year ended December 31, 2014, including salaries, benefits and other compensation and share-based compensation, totaled approximately $2.5 million (2013 - $4 million).

Entities with common management

The Company has certain managers and directors who are also officers and directors of Josephine Mining Corp. ("JMC"), a TSX Venture Exchange listed issuer, Casa Grande Resources LLC ("CGR"), a private company, Queensberry and Russell Mining Corporation ("RMC"), private corporations and significant shareholders of the Company. These related companies utilized the services of some employees, including engineering and administrative staff, which were reimbursed to the Company. Charges for reimbursement to the Company during 2014 totaled approximately $150,000 (2013 – approximately $860,000). During the nine months ended September 30, 2014, the amount due from certain related parties, approximately $175,000, was exchanged for corporate office lease payments due through the end of the Company's corporate office lease, such that the Company's corporate office lease payments was prepaid through the end of the lease. The amount receivable from all entities with common management was approximately $75,000 at December 31, 2014 (December 31, 2013 – approximately $195,000).

The Company and Queensberry are party to the amended PFA. Queensberry's Chief Executive Officer ("CEO"), Manuel Paolo A. Villar, is also the CEO of the Company and Chairman of the Board of Directors of the Company. During 2014, the Company paid Queensberry approximately $2.4 million to settle a debt payable by NADECOR to Queensberry. Over the course of the companies' relationship, the Company has issued approximately 291 million shares to Queensberry, making it the Company's largest shareholder.

The Company has an employment agreement with an Executive Director, described under the Contractual Obligations section of this MD&A, who is an executive officer and director of CGR and RMC and recently resigned from such positions with JMC.

Rental agreements

The Company and RMC are lessees under a three year lease agreement for corporate office space which ends in March 2015. The Company's rental payments have been prepaid, and the lease will not be renewed.

Off balance sheet arrangements

As of December 31, 2014, the Company had no material off balance sheet arrangements (December 31, 2013– none).

Other MD&A requirements

Outstanding share data

At the date of this document, the Company's outstanding equity securities are described as follows:

Outstanding share data at the date of this MD&A

Securities	Outstanding
Voting equity securities issued and outstanding	726,758,334 common shares
Securities convertible or exercisable into voting equity securities	
Stock options	27,767,668 stock options
Warrants	37,500,000 warrants

Internal controls over financial reporting and disclosure controls and procedures

Multilateral Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings, requires an evaluation of the effectiveness of the Company's disclosure controls and procedures ("DC&P") and its internal control over financial reporting ("ICFR"). The Chief Executive Officer and the Chief Financial Officer have overseen the process of designing and implementing DC&P and ICFR. Their conclusions with respect to ICFR and DC&P are described below.

Internal controls over financial reporting

The Company's management is responsible for establishing and maintaining adequate internal controls over financial reporting. Any system of internal controls over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

An effective ICFR design provides reasonable assurance that the Company's financial information is reliable and that its financial statements have been prepared, for the purpose of publishing financial information, in accordance with applicable reporting requirements. Management believes its system of internal controls over financial reporting was effective as at December 31, 2014.

Disclosure controls and procedures

An effective DC&P system provides reasonable assurance that any information required to be disclosed by the Company under securities legislation is recorded, processed, summarized and reported within the applicable time periods and to ensure that required information is gathered and communicated to the Company's management so that decisions can be made about timely disclosure of that information. Management believes its disclosure procedures in place as at December 31, 2014, were effective.

Risks and uncertainties

In addition to the risk factors listed below, please see the risk factors listed in the Company's AIF (available at www.sedar.com).

Adverse fluctuations in currency exchange rates

The Company will be subject to fluctuations in the rates of currency exchange between the Canadian dollar, United States dollar, and the Philippine peso, and these fluctuations could materially and adversely affect the Company's financial position and results of operations. The costs of goods and services could increase due to changes in the value of these currencies. Consequently, operation and development of the Company's properties might be more costly than the Company anticipates.

Competition

The mining industry is intensely and increasingly competitive in all its phases, and the Company will compete with other companies that have greater financial and technical resources. Competition in the precious metals mining industry is primarily for mineral rich properties which can be developed and produced economically. In addition, businesses compete for the technical expertise to find, develop, and produce such properties, the skilled labor to operate the properties and the capital for the purpose of financing development of such properties. Such competition could adversely affect the Company's ability to acquire suitable producing properties or prospects for mineral exploration, recruit or retain qualified employees or acquire the capital necessary to fund its operations and develop its properties.

Conflicts of interest

Certain directors and officers of the Company will and may continue to be involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of the Company. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers may conflict with the interests of the Company. Directors and officers of the Company with conflicts of interest will be subject to and follow procedures set out in applicable corporate and securities legislation, regulation, rules and policies.

Current global economic conditions

Recent market events and conditions, including disruptions in the international credit markets and other financial systems and the deterioration of global economic conditions, could impede the Company's access to capital or increase its cost of capital. The failure to raise capital when needed or on reasonable terms would likely have a material adverse effect on the Company's business and its financial condition and results of operations.

Governmental response to current global economic conditions in developing countries is trending towards nationalism of natural resources. The Company's risk with respect to governmental nationalization of assets or significant changes in the tax structure is in the Philippines. Management currently has no reason to expect the Philippine government to take full or partial control of the Project; however, this is a risk beyond the Company's control. In addition, the Philippine government is undergoing a review of the tax and royalty structure that could result in revisions to the mining law.

Dependence on directors and officers.

The Company is largely dependent on the performance of its directors and officers. There is no assurance the Company will be able to maintain the services of its directors and officers or other qualified personnel required to operate its business. The loss of the services of these persons could have a material adverse effect on the Company and its prospects.

Dividends

The Company has never paid a dividend on its common shares. It is not anticipated that the Company will pay any dividends to its common shareholders in the foreseeable future.

Environmental risks, health and safety regulations, permits and licenses and other regulatory requirements

Operations will be subject to health, safety and environmental regulations and legislation. The Company must comply with current, new and upcoming laws. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner that means standards are stricter, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

The Company's operations, including development activities and commencement of production on its properties, require permits from various federal, provincial or territorial and local governmental authorities, and such operations are and will be governed by laws, and regulations governing prospecting, development, mining, production, exports, taxes, labor standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters.

Such operations and exploration activities are also subject to substantial regulation under applicable laws by governmental agencies that may require that the Company obtains permits from various governmental agencies. There can be no assurance, however, that all permits that the Company may require for its operations and exploration activities will be obtainable on reasonable terms or on a timely basis or that such laws and regulations will not have an adverse effect on any mining project which it might undertake.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Mine development

Mine development of a mineral reserve is a highly speculative business activity, characterized by a number of significant risks. The marketability of minerals the Company may mine may be affected by numerous factors that are beyond its control and that cannot be accurately predicted, such as market fluctuations, mineral markets, and such other factors as taxation, government regulations, including regulations relating to royalties, allowable production, the import and export of minerals and environmental protection, the combination of such factors may result in the Company not receiving an adequate return of investment capital.

The King-king property has advanced its studies to the preliminary feasibility level as demonstrated by announcing its preliminary feasibility study results in its September 18, 2013, press release and publishing its Technical Report. This allows the Company to report the King-king deposit as a mineral reserve. A mineral reserve are those parts of a measured and indicated resource that are the basis of an economically viable project after taking account of all relevant geological, mining, processing, metallurgical, economic, marketing, legal, environment, socio-economic and government factors; based on scientific and engineering interpretations that may turn out to be wrong.

There is no assurance that the Company can complete additional work that may be needed to develop the mineral reserve into an economically operating mine until sufficient capital is raised to perform this work.

Substantial expenditures are required to develop the mining and processing facilities and infrastructure at the sites chosen for mining. No assurance can be given that funds required for development can be obtained on a timely basis.

The Company is required to obtain required permits from various government departments to carry out its additional permitting and engineering work and to begin construction. There is no guarantee all required permits will be granted on terms satisfactory to the Company, or at all. If such permits are not received, the Company may not be able to carry out or complete its business objectives.

Fluctuating mineral prices

The mining industry is heavily dependent upon the market price of metals or minerals being mined. There is no assurance that, even if commercial quantities of mineral resources are discovered, a profitable market will exist at the time of sale. Factors beyond the Company's control may affect the marketability of metals or minerals discovered, if any. Metal prices have fluctuated widely, particularly in recent years, and the Company will be affected by numerous factors beyond the control of the Company. The effect of these factors on the Company's operations cannot be predicted. If mineral prices decline significantly, it could affect the Company's decision to proceed with further exploration and development of its property.

Foreign operations and joint venture risk

The Company's operations are in the Philippines, and it is subject to operational and economic risks, such as the effects of local unrest due to small-scale mining, corruption, demands for improper payments and physical security. Consequently, the Company's exploration, development and production activities outside of the United States and Canada may be substantially affected by factors beyond the Company's control, any of which could have a material adverse effect on the Company's financial condition or results of operations.

The Company's interest in the Project is held in part by way of agreements and also through a direct interest in NADECOR and a jointly owned mining entity. With respect to the Company's interest by way of agreements, the

Company is relying upon its joint venture partner to fulfill its obligations under these agreements. If it should fail to do so, the Company's first level of recourse is through arbitration in Singapore. One of the Company's other recourse option is to the Philippine courts, which may not operate in the same manner as those in Canada and the United States.

Social and community

The Company's operations and the development of the project will impact local communities, and a portion of communities will need to be resettled or local infrastructure moved. The Project could be delayed without broad local community support, impacting future profit and development costs. There may also be local opposition to mining activities, although formal letters of endorsement have been received by local government units and memorandums of understanding developed with indigenous peoples. The EIS contemplates the resettlement activities will be approved by the Philippine Department of Environment and Natural Resources, although there is no assurance they will be.

Security of energy supplies

Increasing global demand and limited new supplies impacts the price and availability of energy. Many factors that reduce the reliability of energy supply or increase energy prices are beyond the Company's control. These include strong demand from the Asia Pacific region; political, regulatory and economic uncertainties; and costs associated with emissions from fossil fuels. While it will enter into long term supply contracts when beneficial to the Company, the availability of energy supplies may have a material impact to the Company's operations.

Emissions and climate change regulations

The Company operates in a jurisdiction in which legislation to limit or reduce emissions is being considered. Climate change related legislation could lead to increased costs for fossil fuels, electricity and transmission, restricted industrial emissions, the imposition of charges for emissions and increased expenditures on monitoring, reporting and accounting.

Future acquisitions

As part of the Company's business strategy, it may seek to grow by acquiring companies or assets, or establishing joint ventures that it believes will complement its current or future business. The Company may not effectively select acquisition candidates or negotiate or finance acquisitions or integrate the acquired businesses and their personnel or acquire assets for its business. The Company cannot guarantee that it can complete any acquisition it pursues on favorable terms, or that any acquisitions completed will ultimately benefit its business.

Future financing

The Company's continued operation will be dependent upon its ability to procure additional financing and eventually generate revenues. There can be no assurance that any such revenues can be generated or that other financing can be obtained on acceptable terms to the Company, if at all. Failure to obtain additional financing on a timely basis may result in delay or indefinite postponement of further exploration and development or forfeiture of some rights in some or all of the Company's properties. If additional financing is raised by the issuance of shares from treasury, control of the Company may change and shareholders may suffer additional dilution. If adequate funds are not available, or are not available on acceptable terms, the Company may not be able to further explore and develop the Project, take advantage of other opportunities, or otherwise remain in business. Events in the equity market may impact the Company's ability to raise additional capital in the future.

No history of earnings

The Company has no history of earnings. Additional external financing will be required to develop the Project further. There can be no assurances that the Project will ever produce revenues from mining and milling operations.

Operating hazards and risks

Mineral exploration and development involves risks which even a combination of experience, knowledge and careful examination may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to hazards and risks normally incidental to exploration, developments and production of minerals, any of which could result in work stoppages, damage to or destruction of property, loss of life and environmental damage. Damage to Company property (or contractors' property for which the Company may be financially responsible) due to local insurgents is possible. The nature of these risks is such that liabilities might exceed insurance policy limits, the liabilities and hazards might not be insurable or the Company may elect not to insure itself against such liabilities due to high premium costs or other factors. Such liabilities may have a materially adverse effect upon the Company's financial condition.

Partner risk

There is an internal dispute between two distinct shareholder groups of NADECOR which continues to exist as of the date of this document. The dispute pertains to many issues including the validity of the 2011 annual stockholders' meeting of NADECOR where the NADECOR majority shareholder group nominees were elected as the lawfully elected board of directors.

Several court actions were lodged by each side of the NADECOR shareholder groups during 2011 and 2012; on February 18, 2013, the Philippine Court of Appeals ruled that the board of directors elected during the August 15, 2011, meeting was validly elected; as a consequence, the directors nominated by the NADECOR majority shareholder group constituted a majority of the lawful board of NADECOR. The NADECOR minority shareholder group has filed an appeal with the Philippines Supreme Court. The Company's view, based on external legal counsel advice, is the likelihood of the NADECOR minority shareholder group successfully appealing is remote.

However, in the unlikely event that the appeal to the Philippines Supreme Court in the Philippines is ultimately successful and the Court of Appeals ruling is reversed, the minority shareholder group could seek to challenge and rescind any or all contracts between the Company and NADECOR. Accordingly, as the Company views such rescission to be without legal basis, the Company may be forced to go to arbitration to defend its agreements, which would result in protracted delays. The Company's management believes the agreements protecting the Company's investment in the project would be upheld in arbitration; however, there can be no absolute assurance as to the ultimate arbitration results.

Philippine tax incentives

The Philippine government offers tax incentives, including periods of tax-free operations early in the life of mines, to mining businesses to encourage economic development. These incentives have a significant impact on the financial metrics used to evaluate the Project. Should these incentives be withdrawn or reduced, material changes in Project economics could occur. As of the date of this document, the Philippine government is evaluating its current tax incentive regulations.

Reliability of historical information

The Company has relied, and the Technical Report is based upon historical data compiled by previous parties involved with the Project. To the extent that any of such historical data is inaccurate or incomplete, the Company's development plans may be adversely affected.

Title risks

Although the Company has exercised due diligence with respect to determining title to the properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. The Company's mineral property interest may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects. Until competing interests, if any, in the mineral lands have been determined, the Company can give no assurance as to the validity of title to those lands or the size of such mineral lands.

Uninsured or uninsurable risks

Exploration, development and production of mineral properties is subject to certain risks, and in particular, unexpected or unusual operating conditions including open pit slope failures, fires, flooding and earthquakes may occur. It is not always possible to insure fully against such risks and the Company may decide not to take out insurance against such risks as a result of high premiums or for other reasons. Should such liabilities arise, they could have a materially adverse impact on the Company's operations and could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

Volatility of share price

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the shares will be subject to market trends and conditions generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings.

Critical accounting policies and estimates

The Company's significant accounting policies, including critical accounting policies and estimates, are presented in Note 2 to the annual consolidated financial statements for the year ended December 31, 2014. An analysis of the Company's critical accounting policies and estimates follows.

Statement of compliance

The Company's financial statements for the year ended December 31, 2014, including comparatives, have been prepared in accordance with IFRS.

Statement of compliance analysis

Management has implemented internal controls over financial reporting and disclosure controls and procedures which management believes operate effectively. In addition to performing a rigorous period end review of the close and financial reporting process, management analyzes its financial statements and related disclosures in relation to IFRS guidance effective for the reporting period. At December 31, 2014, management determined that the financial statements, notes to the financial statements, and this MD&A are in compliance with IFRS and applicable regulations.

Investment in mineral property

The Company's directed purpose is to develop the Project under an agreement with NADECOR and will ultimately receive up to an aggregate 60% economic interest in a joint venture based upon required expenditures and completion of certain milestones. Those expenditures which are directly allowed under the MOU are included in the investment in mineral property account. Amounts not allowed to earn-in, following NADECOR's audit, are either reported in the investment in mineral property under IFRS 6 – Exploration for and Evaluation of Mineral Resources, or expensed, depending on the character of the expenditure. Under the terms of the MOU, accrued amounts earn-in upon cash settlement and NADECOR has a limited right to audit the underlying expenditure. The MOU will be superseded by the PFA upon fulfillment of the terms of the PFA.

Following the establishment of economic viability by the preliminary feasibility study filed on SEDAR on November 1, 2013, qualifying expenditures will be capitalized in accordance with relevant standards until production commences. Management periodically reviews the recoverability of the capitalized value of the Project, taking into consideration the results of exploration activities, estimated mineral market prices, reports of experts and other relevant information. If the Project is to be abandoned or is determined to be impaired, the investment will be reduced to fair value.

Analysis of investment in mineral property

Management has performed a rigorous review of its contractual commitments and rights and IFRS 6 - *Exploration for and Evaluation of Mineral Resources*. The Company's expenditures included in the Company's investment in mineral property are those which have directly benefited the Project and which management has determined, based on an impairment analysis, to be recoverable, and expenses which qualify for shares in its joint venture partner's capital accounts under its contractual arrangements.

The impact of the Company's treatment of capitalized expenses in respect of the Company's financial statements has been to increase the Company's assets and decrease net loss, as compared to a policy which expensed a higher proportion of Project expenditures.

Investments in other entities

The Company accounts for investments below the threshold of having significant influence either at fair value or at amortised cost, depending on the nature of the investment.

If the Company has significant influence over an investee as defined under IAS 28 – Investments in Associates and Joint Ventures, the investment is initially recognized at cost and is adjusted periodically to reflect the Company's portion of the investees' profit or loss.

Analysis of Investments in other entities

The Company's investments in other entities include its investment in NADECOR, King-king Gold and Copper Mines Inc. ("KGCMI") and King-king Mining Corporation ("KMC").

The investments in NADECOR, KGCMI and KMC were accounted for using the equity method at December 31, 2014. Certain agreements of the Company contain clauses, which if met, could cause the Company's treatment of its investment in KMC to change to proportionate consolidation.

Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to dispose. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Analysis of impairment of non-financial assets

The Company's non-financial assets include investment in mineral property (described above) and property and equipment. Management's policy is to analyze its investment in mineral property and property and equipment for impairment at each reporting period and as circumstances and events warrant. Management has recognized no impairment losses against property and equipment or investment in mining property since significant activity began in 2011.

Significant accounting estimates, judgments and assumptions

The preparation of consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

The most significant estimates relate to the share-based payments, impairment assessment of investment in mineral property and associates, and depreciation and impairment of property and equipment.

The most significant judgments relate to recoverability of capitalized amounts, accounting for long-term investments, accounting for investments in joint ventures and associates and the determination of the economic viability of a project.

Analysis of accounting estimates and judgments

Management has performed a rigorous review of inputs to share-based payment valuations. The most significant inputs affecting recognition of stock option expense include estimated volatility and forfeiture rate. Volatility was estimated using a comparison of peer companies' volatility and the Company's historical volatility, and forfeiture rate was estimated based on historical experience.

The useful lives of assets are generally determined by a categorical assignment of fixed asset purchases. In general, management uses a 3, 5, or 10 year depreciation life for vehicles and equipment purchased. Its judgments in analyzing fixed assets for impairment include whether events and circumstances are significant enough to warrant an impairment analysis and its selection of financial data used in calculating the effects of external variables.

Management's judgment as to the recoverability of capitalized amounts is closely tied to management's impairment analysis. A significant difference arises in determining the economic viability of a project, in which case management relies on internal and contracted experts. As of the date of this MD&A, the economic viability of the Company's only mineral asset has been determined by way of a PFS, however, a BFS has not been completed.

Management valued its investment in NADECOR at fair value at June 30, 2013, at cost. In August 2013, the Company obtained board representation, requiring the Company to account for its investment in NADECOR using the equity method. Accordingly, the Company recorded its pro-rata share of comprehensive loss for the period ended December 31, 2013 and the year ended December 31, 2014. The value of the investment will be affected by the future financial performance of NADECOR, which owns 60% of the Project's joint venture mining entity, as well as by changes in the exchange rate of the U.S. dollar and Philippine peso.

General business commentary, outlook and accomplishments

The Project ECC was issued in February 2015, a milestone representing several years of work. In 2014, the Company closed two rounds of financing, which supported ongoing operations and land acquisition through KMC.

The Company's important ongoing milestones and targets include the following:

- Structure project financing arrangement(s) through strategic advisors or engagement of major financial institution(s) in coordination with NADECOR;
- Advance other permitting related activities, for example, the Declaration of Mine Project Feasibility (DMPF);
- Continue efforts to re-classify Project lands for industrial use;
- Execution of the Project structure as described in the PFA, as amended;
- Assist NADECOR with the steps necessary to transfer the MPSA into KMC; and
- Advance critical work necessary to bring the Project to a more advanced stage.